

ASIAN SECURITY FOLLOWING PRC UNIFICATION WITH TAIWAN

BY

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USAWC CLASS OF 2008

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U.S. Army War College, Carlisle Barracks, PA 17013-5050

| Report Documentation Page | | | | Form Approved OMB No. 0704-0188 | |
|--|------------------------------------|--|--|---|------------------------------------|
| Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number. | | | | | |
| 1. REPORT DATE 15 MAR 2008 | | 2. REPORT TYPE Strategy Research Project | | 3. DATES COVERED 00-00-2007 to 00-00-2008 | |
| 4. TITLE AND SUBTITLE Asian Security Following PRC Unification with Taiwan | | | | 5a. CONTRACT NUMBER | |
| | | | | 5b. GRANT NUMBER | |
| | | | | 5c. PROGRAM ELEMENT NUMBER | |
| 6. AUTHOR(S) Peter Mattes | | | | 5d. PROJECT NUMBER | |
| | | | | 5e. TASK NUMBER | |
| | | | | 5f. WORK UNIT NUMBER | |
| 7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) U.S. Army War College ,122 Forbes Ave.,Carlisle,PA,17013-5220 | | | | 8. PERFORMING ORGANIZATION REPORT NUMBER | |
| 9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES) | | | | 10. SPONSOR/MONITOR'S ACRONYM(S) | |
| | | | | 11. SPONSOR/MONITOR'S REPORT NUMBER(S) | |
| 12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited | | | | | |
| 13. SUPPLEMENTARY NOTES | | | | | |
| 14. ABSTRACT See attached | | | | | |
| 15. SUBJECT TERMS | | | | | |
| 16. SECURITY CLASSIFICATION OF: | | | 17. LIMITATION OF ABSTRACT Same as Report (SAR) | 18. NUMBER OF PAGES 30 | 19a. NAME OF RESPONSIBLE PERSON |
| a. REPORT unclassified | b. ABSTRACT unclassified | c. THIS PAGE unclassified | | | |

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USAWC STRATEGY RESEARCH PROJECT

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ABSTRACT

AUTHOR: Lieutenant Colonel Peter J. Mattes
TITLE: Asian Security Following PRC Unification with Taiwan
FORMAT: Strategy Research Project
DATE: 18 March 2008 WORD COUNT: 5,816 PAGES: 30
KEY TERMS: Western Pacific Stability
CLASSIFICATION: Unclassified

The possibility of the use of coercive action by the People's Republic of China (PRC) to unify with Taiwan cannot be ignored given the continuing priority placed upon the Taiwan issue by the PRC. China's regional and global rise to prominence will make dealing with the aftermath of forced unification a sensitive subject for all nations. This paper will address the potential reactions and policies of four countries in the region to such a unification scenario: South Korea, Australia, India, and Japan. These countries are economically and diplomatically prominent, both in the region and internationally. Their reactions will be critical and will likely affect the reactions of the rest of the region as well as the rest of the world. Understanding the situation that might result following a PRC action against Taiwan will help to inform options for responses by these countries and the United States.

ASIAN SECURITY FOLLOWING PRC UNIFICATION WITH TAIWAN

Introduction

The uncertain relationship between the People's Republic of China (PRC) and Taiwan has influenced the stability of Northeast Asia for over half a century. These simmering tensions are the result of the Chinese Civil War that concluded in 1949. The Chinese Communists led by Mao Tse-Tung defeated the Nationalists under Chiang Kai-shek on the mainland and established the People's Republic of China. Chiang and his followers fled to Taiwan, vowing to eventually retake mainland China from the communists.

The world community did not initially recognize Mao's mainland government. In fact, the United Nations continued to recognize Taiwan as the only legitimate China as the Republic of China (ROC), as China was called under the Nationalists, and allowed it to continue occupying its seat as a permanent member of the Security Council. Under martial law since 1949, Chiang's death and political liberalization that followed eventually resulted in the lifting of martial law in 1987 as Taiwan transformed into a true democracy, holding its first free national elections in 1996. The political transformation did not affect the vibrant economy that Taiwan had pursued since the 1960s, a course of development that made Taiwan one of the Asian Tigers. Most states continued to support Chiang Kai-shek, but cut normal ties to recognize the PRC following U.S.-PRC normalization that began in 1971. The situation in the UN was no different as it quickly approved recognition of the PRC as the sole legitimate representation of China in late 1971. The dramatic political change in the early 70s also meant a de facto recognition of

China's claim to Taiwan as part of the People's Republic of China. This situation remains largely unchanged today.

In the late 1970s, more change confronted the PRC, as the death of Mao led to the reforms of Deng Xiaoping. These reforms profoundly affected the PRC, including its dealings with Taiwan. The surging PRC economy has provided the means for the mainland government to exert its influence broadly throughout Asia and much of the world. The relationship with Taiwan, though, remains tense. Taiwan is no longer focused on the reunification policy pursued by Chiang and the Nationalists and it now focuses its efforts on preserving the status quo of de facto independence. Since 2000, PRC's concern has been heightened due to the election of the opposition and pro-independence Chen Shui Bian as the president. During his terms, Chen has called for pursuing de jure independence. PRC's Anti-Secession Act in 2005 was an open statement of policy that PRC reserved the right to use any means including force to prevent Taiwan from formally declaring independence.

This is the current situation. Taiwan is a democracy with a robust economy, but virtually no formal diplomatic recognition by the world community. The PRC continues to grow in prominence and maintains its efforts to isolate Taiwan intending ultimately to make it a part of greater China. It is entirely possible that China will use coercive measures to achieve this, measures that are not limited to military options but also political, diplomatic and economic. Given China's intent and the complexities of the PRC-Taiwan situation that the international community faces, it is prudent to consider now the consequences of PRC's absorption of Taiwan, especially in Asia and in particular if it is the result of coercion. Understanding the consequences can help frame

responses to any PRC coercive actions should they choose to undertake them and also help shape the world's current engagement of the PRC-Taiwan issue.

The purpose of this paper is to make an initial effort at this task. It considers the consequences of a PRC action to unilaterally and coercively unify Taiwan with the mainland. The ways chosen by the PRC are not considered. They may be military, economic, and/or diplomatic in nature. However, in the end, the government of Taiwan is subdued against its will. The paper assumes that the United States not only openly opposes coercion, but also that it will take action to block it.¹ This paper will attempt to identify how such a unification scenario affects the rest of Asia. To limit the analysis only selected Asian nations are considered. These nations, Republic of Korea, Australia, India, and Japan, are the key players in the region with the most regional and international influences. This paper reviews the current linkages between these states and the PRC to assess the impact of PRC coercion of Taiwan on future relationships. Such an assessment leads to the conclusion that a coercive unification hurts Chinese interests while an active counter to China will benefit U.S. interests.

South Korea

The first state for consideration is the Republic of Korea, or, more commonly, South Korea. Korea and China have a long historical relationship built upon strong cultural bonds. Geographically, the two are very close. Without the artificiality of North Korea, China and South Korea are neighbors. This geographic proximity is the source of numerous cultural ties. During the Chosŏn period (1392-1910), Korea was referred to as "small China."² Chinese dynasties at one time had the right to intervene in Korean affairs ranging from the selection of the Korean dynasty's name to the selection of the

rulers themselves.³ China and South Korea are still close enough to squabble at times about the nature of their common cultural history, sometimes with impact on their current relationship. Such a situation surfaced in 2004, when China claimed that the Koguryŏ Kingdom (37 B.C.E.-668 C.E.) was part of Chinese territory and history and not the independent Korean entity that provided one of the historical and cultural foundations of modern Korean identity, history and territory.⁴

Given their geographic closeness, China and South Korea are natural economic partners. As with many states in Asia, South Korea has enjoyed a growing economic interaction with China for many years. In 2006, China was South Korea's largest export market worth over \$20 billion in goods and services.⁵ South Korea also imported \$15.7 billion in Chinese goods and services making China South Korea's second biggest source of imports only behind Japan.⁶ This strong economic relationship has helped South Korea secure international economic prominence with the world's 13th largest Gross Domestic Product in 2006 (China ranked 4th).⁷

This economic relationship is important in two areas. First, it helps to further demonstrate the closeness of the Chinese and Korean ideas on economic development. As the PRC planned its transition from a communist-era state-planned economy to a modern market economy, it turned to South Korea's developmental strategy that had been pursued with such success since the early 1960s as a model.⁸ An example is China's special economic zones, which were "in fact creative reinventions of the export processing zones in South Korea and elsewhere."⁹ Furthermore, the economic interaction has served as a catalyst for the growth of the

overall relationship and “provides a model for how deepening economic relations can bring two capitals together politically.”¹⁰

South Korea and the PRC officially established diplomatic relations on August 23, 1992.¹¹ Since that date, one of the critical areas of collaboration between Seoul and Beijing has been the handling of the North Korea nuclear issue. This has been especially evident following North Korea’s acknowledgement in 2002 that it has been pursuing a nuclear weapons program. Through the Six-Party talks format, South Korea has sought to “provide the most persuasive road to induce the North to reform and open, promote reconciliation and cooperation, and lead to peaceful unification without war.”¹² With this approach, Seoul has found itself advocating an approach similar to Beijing, sometimes at odds with the approaches of the United States and Japan.¹³

Finally, the most important tie for South Korea has long been with the United States. Since the Korean War cease-fire in 1953, the United States has maintained a strong military presence in South Korea as part of the military alliance. While consultation was able to smooth them over, disagreements have arisen recently over U.S. plans to realign forces worldwide including the removal of some forces stationed in Korea.¹⁴ Although China and South Korea do not have a formal or a strong defense relationship, a nascent foundation for one has been established beginning with the 1999 agreement to hold annual discussions on regional security issues.¹⁵ Thus, while the security relationship is strong between the U.S. and Korea for now, clear indications of continuing revision are present, setting the stage for stronger ties between South Korea and China in the future.

Ultimately, then, what might be South Korea's posture following a coercive PRC unification with Taiwan? It is likely that Korea will neither support nor oppose the Chinese action too vociferously. Long-term interests and the development of a closer relationship with China would moderate South Korean opposition. South Korea will hope, in essence, to ride out the storm, wanting to preserve good long-term relationship with China, which clearly supports its cultural, political and economic interests. South Korea will not want to offend its long-term, but non-regional, ally, the United States. However, a neutral position would ultimately weaken the relationship with the United States while strengthening China's position on the Korean peninsula.¹⁶

Australia

Australia is an interesting case in this matter. Western by its history, Australia is attempting to define itself more as a member of the Asian community. This has caused a shift in Australia's traditional relationships that have been primarily focused outside of the region with other British Commonwealth nations and the United States. As with many other nations one of the prominent relationships Australia is pursuing is the one with China.

Of the four countries considered in this paper, Australia has the least connection to China culturally and geographically. It has been dominated by Western ideas passed down from the British Empire and it sits as its own continent apart from Asia. Inclusion in Asia is an effort for Australia, not a natural consequence. Along with a liberalized immigration policy that has brought in a large number of Asian immigrants, Australia is also deepening its economic integration with Asia. In 2006, seven of the top ten export markets for Australian goods and services were in Asia.¹⁷ Thirty percent of Australia's

trade was with Japan, China, and South Korea.¹⁸ And, China was the second largest destination for Australian exports and the second largest source of Australian imports¹⁹ Overall trade volume rose from approximately 20 billion Australian dollars (A\$) in 2001 to over 50 billion A\$ in 2006.²⁰ This economic integration will continue to grow in part due to the 2005 China-Australia Free Trade Agreement. One outcome of this trade relationship will be increasing Chinese dependence on Australian natural gas. The Chinese themselves believe that, by 2025, they will import fifty percent of their natural gas from Australia.²¹ According to Mohan Malik, “China is now as critical to Australia’s economic security and prosperity as U.S. is in terms of Australia’s military security.”²²

The basis for the United States’ military relationship with Australia is the 1952 Security Treaty between Australia, New Zealand, and the United States (ANZUS). This relationship remains an important tie between Australia and the United States. Following 9/11, Australia invoked on its own the ANZUS treaty to provide support to the United States.²³ One analyst wrote that this action “speaks volumes both for Australia’s sense of kinship with the United States and its outrage against the United States’ attackers.”²⁴ Australia, with concurrence of the United States, has recently entered into a security arrangement with Japan.²⁵ The arrangement, covering intelligence sharing, high-level exchanges of military personnel, and extensive co-operation in training, represents the first time that Japan has entered into a security agreement with anyone besides the United States.²⁶ These developments seem to indicate that Australian support of U.S. regional security interests will remain firm.

However, Australian allegiance to U.S. interests may not be as firm as it seems.²⁷ The possibility of a crisis concerning Taiwan demonstrates this. Australia has received

pressure from both the United States and China regarding its position in a potential crisis. A senior Chinese diplomat, He Yafei, demanded in 2005 that Australia relook its security arrangements with the U.S. and consider any PRC action against Taiwan as not invoking Article IV of the ANZUS Treaty.²⁸ The treaty states that “an armed attack in the Pacific Area on any of the Parties would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with its constitutional processes.”²⁹ The United States would likely seek Australian support in its efforts to aid Taiwan. When asked how Australia would balance interests with China and the U.S. in a Taiwan crisis, Foreign Minister Alexander Down stated that “military activity elsewhere in the world, be it in Iraq or anywhere else for that matter, does not automatically invoke the ANZUS Treaty.”³⁰ Further, then Prime Minister Howard stated that he “felt that it was not necessary to choose between our history and our geography.”³¹ These statements do not indicate that Australia would support U.S. efforts to aid Taiwan in a China-Taiwan crisis. Instead, they show Australia’s concern for its position in the region and the dilemma created by other interests that it must consider.

Given Australia’s economic interaction with both China and the United States and the lack of firm support for either position regarding Taiwan, the overall picture regarding Australian relations with China is far from clear. Several areas of concern exist. Beijing strongly objected to extending invitations to India, Australia, and New Zealand to the inaugural East Asia Summit in December 2005.³² Numerous incidents and actions by China have been contrary to Australian desires: anti-Japan riots, opposition to UN Security Council reform, dilatory tactics on North Korea and Iranian

nuclear issues, etc.³³ A good indication of Australia's reluctance to completely embrace China was given by former Prime Minister John Howard when he stated that,

While Australia's improvement of its foreign relations with China constituted one of his government's "policy successes" over the past decade, we've always done it against [a] background of being realistic about the nature of political society in that country. We have no illusions that China remains an authoritarian country.³⁴

Thus, if China coerced Taiwan into unification, Australia's political, security and economic interests will compel it to walk a tightrope of neutrality in response. It will not overtly support the United States in attempts to defeat the PRC effort. In the aftermath it will not antagonize the PRC while banking on historic ties to repair any damage to relations with the U.S. Australia likely will determine that, ultimately, it has a stronger need for long-term connection to the PRC than it does to the U.S. It sees the U.S. as currently and, up to some point into the future, providing part of Australian security. However, in the near and far term, Australian economics will depend upon China, and maintaining a viable relationship with China will ultimately supercede relations with the United States.

India

India, as an emerging global power and a neighbor, is a natural rival of China. Both have emerged as independent actors in the international arena and each continues to gain strength and confidence. With India now the world's largest democracy while the Chinese Communist Party steadfastly maintains leadership in China, they have taken divergent paths, and many differences exist between the two. However, they do share the common characteristic of tremendous economic growth.

The economic advancement of both India and China has been phenomenal. According to figures for 2006, China and India boast economies that rank in the top 12 in the world.³⁵ Specifically, the Chinese economy ranks fourth in the world with a GDP of \$2.7 trillion while India is twelfth at \$906 billion.³⁶ These are impressive numbers for two economies that continue to expand and develop and much is expected in the future for both. According to a Goldman Sachs study, India has the potential to have the fastest economic growth for the next 30 to 50 years.³⁷ The same study projects that, by the year 2050, while China will have the largest GDP in the world, Indian growth will have propelled it to the number three position overall, behind the second-ranked United States.³⁸

Evidence of the Indian economic growth is apparent today. Indian trade with the United States has grown significantly since the turn of the century. U.S. exports to India doubled from \$4 billion in 2002 to \$8 billion in 2005 and bilateral trade increased from \$16 billion to \$27 billion during that same period, rising to in excess of \$30 billion in 2006.³⁹ A similar trend occurred in trade between India and China during that time. Economic interaction between the two was valued at \$4.7 billion in 2002-2003 and increased to \$25.7 billion in 2006-2007.⁴⁰

In order to fuel their expanding economies, India and China must both secure additional energy resources. India's energy use increased substantially between 1992 and 2005. Oil consumption doubled to 2.5 million barrels per day of which India produces less than one-fourth.⁴¹ To make up the difference, India has, since 2000, invested \$3.5 billion in oil and gas projects in other countries including Russia, Vietnam, Iran, Indonesia, Venezuela, and Algeria.⁴² In efforts to address the rising energy

demands of both, India's state-run Oil and Natural Gas Corporation and the China National Petroleum Corporation began jointly purchasing assets in Syria and Sudan in January 2006.⁴³ This cooperation is limited, however. India recently lost out to China on large energy projects in Angola, Myanmar, Ecuador, and Kazakhstan.⁴⁴ Both India and China will continue to individually seek solutions to their energy concerns, fully aware of each other's needs. The competitive search for energy sources will remain a source of perpetual friction between the two.

This environment of competition already exists in the Chinese and Indian dealings with the Association of Southeast Asian Nations (ASEAN). India realizes the importance of ASEAN "in terms of politics, economy, and diplomacy, and consequently launched its 'Look East' policy, the focus of which was how to become actively engaged in Southeast Asian affairs in the changing post Cold War era."⁴⁵ Look East, initiated in the early 1990s, was a two-phased strategy. During the first phase, India intended to rebuild its relationships with Southeast Asia in order to diversify its trade away from North America and Europe.⁴⁶ The second phase placed greater emphasis on trade with Cambodia, Laos, Myanmar, and Vietnam and sought more active Indian participation in ASEAN summit level meetings.⁴⁷ In April 2005, with strong support from Singapore, Indonesia, and Thailand, the ASEAN Foreign Ministers endorsed India's participation in the East Asian Summit. This established stronger linkages with East Asia for India and supported "ASEAN's effort to have India strategically and economically engaged in the affairs of the region, and to play a counter-weight role vis-à-vis China."⁴⁸

The role of India as an ASEAN counter-weight to China becomes even more pronounced when considering the impact of the China-ASEAN Free Trade Agreement

(CAFTA). Set for implementation in 2010, CAFTA will create a single market worth \$2 trillion.⁴⁹ China is already deeply involved with ASEAN members economically, far more so than India. China will become ASEAN's largest trading partner with trade valued at "\$160 billion in 2006 and probably \$200 billion in 2007, compared to India's projected \$30 billion."⁵⁰ This increasingly strong Chinese economic presence in areas identified for emphasis in India's Look East goals is likely to create additional competitive stress between the two expanding economies.

The area in which the PRC and India have the most significant issues is in their security interests. Just as the Indian Look East policy has occasionally put the two states' interests at odds, so has the Chinese "string of pearls" strategy. The "string of pearls" is designed "to establish naval bases stretching from Southeast Asia to Somalia, including facilities at Gwadar in Pakistan, the Maldivian island of Marao, Chittagong in Bangladesh, and Myanmar's Great Coco Island" for the purpose of securing sea routes for China, primarily for use in the energy trade.⁵¹ Concurrently, India hopes "to improve its standing in the 'near abroad' – a region of growing interest to New Delhi that spans the Indian Ocean and includes parts of Africa, the Persian Gulf, and Central, Southwest, and Southeast Asia."⁵² The fact that these two strategic efforts both focus on the same region provides another potential source of conflict.

The PRC's string of pearls strategy presents another concern for India: China's efforts to maintain close ties with Pakistan. The India-Pakistan relationship is a difficult one that has experienced crisis on several occasions, the latest being 2001. The rocky relationship has also been one of the drivers for the development of nuclear weapons by both. India maintains suspicions that China provided help in the development of the

Pakistani nuclear weapons program.⁵³ The Indian government justified its May 1998 nuclear test with the Chinese threat to India and PRC's continuing assistance to Pakistan's nuclear program, a charge that both angered and offended Beijing.⁵⁴ The China-Pakistan relationship remains an area of serious concern for New Delhi.⁵⁵ During his November 2006 trip to Pakistan, President Hu Jintao called the country an "indispensable partner."⁵⁶ Since 9/11, however, "China made noticeable changes to its policy of one-sided support for Pakistan in South Asia."⁵⁷ Whether these policy changes will have a positive effect on the relations between China and India remains to be seen. If not, their relationships with Pakistan will remain an issue of contention.

The final area of strategic concern between China and India is the Indian relationship with the United States, which has seen significant improvement since 2001, a trend that concerns China. The Indian government was engaged as an early supporter of the Bush administration missile defense policy and participated in Operation Enduring Freedom by sending warships to escort U.S. supply ships through the Malacca Strait.⁵⁸ India's security cooperation with the United States was bolstered in June 2005 with a new bilateral defense framework that lays out a 10-year program of exercises, exchanges, defense trade, and new defense technology transfer and collaboration.⁵⁹ In the U.S., the 2006 Quadrennial Defense Review identified India as "a great power and a key strategic partner."⁶⁰

But beyond these important developments, the most significant Chinese concern regarding the U.S.-India relationship is the 2006 nuclear agreement between the two. In the deal, India agreed to conditions including the separation of its military and civilian nuclear programs and the opening of 14 of its 22 reactors to international inspection.⁶¹

In return, the Bush administration sought changes that would allow nuclear exports to nations that are not signatories to the Nuclear Non-Proliferation Treaty (NPT), to include India.⁶² This deal provides India with international recognition on the nuclear issue in spite of its absence from the NPT. China's response, although muted, demonstrated unmistakable unease.⁶³ To Beijing, it was another indication of "a growing Washington-New Delhi nexus."⁶⁴

In spite of its growing economic relationship with neighboring China, it seems that India is aligning more closely with the United States as it pursues its emerging position of international status. While New Delhi is wary of being viewed as a counter to China in Asia, it is not moving aggressively for closer ties with Beijing.⁶⁵ Instead, India is pursuing a practical course that will provide it with opportunities to grow economically while also securing its growing array of interests. The warming of the India-China relationship will take time. In the words of C.V. Ranganathan, former Indian ambassador to China, "these are two old civilizations and their relationship will move at a civilisational pace."⁶⁶

It is likely that, in the current circumstance, India will tend towards an alignment with the United States rather than China in the event of PRC coercion against Taiwan. In fact, PRC coercion against Taiwan would strengthen Indian distrust of Beijing in the numerous dealings between the two growing powers. India's response would be pragmatic, likely moderately supporting the U.S. position, but mindful of the economic importance of China. This schism in Sino-Indian relations would further cement India's independent path to great power status.

Japan

Japan has been among the most prominent states in Asia for the latter half of the Twentieth Century based on their continued strong economic performance. Due to this prominence, Japan is a nation that China must always consider when acting. The Japanese are somewhat unique internationally. While Japan retains very capable forces, but is not a significant military actor in international situations. It is limited by its constitution to maintaining a “self-defense force,” solely for domestic defense.

However, Japan has been the dominant Asian economy, long maintaining its position as the world’s second largest economy.⁶⁷ Its interaction with the People’s Republic of China following a coercive integration of Taiwan will be an important indicator for the region.

While relations between Japan and the PRC have been difficult at times, the one element bringing the two powers together has been economics. With a GDP of \$4.3 trillion annually, the Japanese economy trails only the United States.⁶⁸ To further enhance this success and better participate in the Asian market, former Prime Minister Koizumi continued Japanese emphasis on the economic prospects of a rising China as an opportunity for Japan.⁶⁹ Japan significantly increased direct investment from \$770 million in 1999 to \$4.567 billion in 2004. Exports expanded from \$23.3 billion in 1999 to \$80.34 billion in 2005.⁷⁰ Japanese import from China increased from 18% to 21% of their worldwide total between 2002 and 2005.⁷¹ These figures clearly show two economies that are growing together, creating markets for each other.

In spite of the success of the growing Sino-Japanese trade, the Japanese remain wary of their increasingly powerful neighbor. Even as Japan attempts to optimize the economic benefit it derives from China, “it is also hedging against the risks and possible

threats that China may pose in the future.”⁷² Japanese pragmatism has its basis in their experience dealing with Chinese nuclear tests in 1995. China conducted those tests over Japan’s objections in spite of the fact that Japan was providing aid to the developing PRC economy.⁷³ The inability to influence Chinese actions “convinced many in Japan that economic assistance provided little leverage over China regarding security policy. In other words, economic engagement may not induce it to be benign.”⁷⁴

A number of challenges shape relations between the two. First and foremost are the unresolved issues remaining from the Second World War, specifically those involving alleged Japanese atrocities. At the conclusion of World War II, China did not seek reparation from Japan for these offenses, seeking rather to “break the chain of hatred.”⁷⁵ The Chinese rationale contended that the atrocities were not the result of actions by the Japanese people writ large, but rather were attributable to a few Japanese militarists, many of whom were convicted as Class A war criminals following the war.⁷⁶ However, visits by Japanese leaders to the Yasukuni Shrine in Tokyo, where a number of these war criminals are enshrined and honored, have discredited the Chinese logic and angered the Chinese government and people.⁷⁷ In Japan, the population seems evenly split in support of or opposition to the visits, reinforcing Chinese concerns about Japanese ambivalence.⁷⁸

Yasukuni visits aside, the Chinese government and people are also increasingly frustrated with what they feel is an overall lack of Japanese acceptance of responsibility for actions in China.⁷⁹ In the spring of 2005, this issue led to violent anti-Japanese demonstrations in a number of Chinese cities.⁸⁰ While some observers question

whether history is a serious issue by itself or if the Chinese Communist Party employs it as a tool to manipulate popular support, the 2005 events highlight the emotions that it evokes.⁸¹ Given the prevailing attitude in Japan and the level of response demonstrated in China, the unresolved issues of World War II will continue to inhibit relations between the two with no resolution soon.

Also in dispute between Japan and China is the claim to the Senkaku/Diaoyu Islands in the East China Sea. In 1992, the PRC passed a law indicating that it could use force to seize the claimed islands that Japan controlled.⁸² These seemingly minor, rocky islands hold potential seabed oil and natural gas deposits in the Exclusive Economic Zone (EEZ) that China demarked in accordance with the United Nations Convention on the Law of the Sea.⁸³ The EEZ drawn by Japan, however, overlaps the PRC claim considerably.⁸⁴ With the importance of energy resources to both, the countries will not likely resolve the issue quickly and it will remain an open issue separating them.

Another regional issue of serious concern to the PRC and Japan is that of Taiwan. In normalizing relations with China in 1972, Japan expressed its understanding and respect of Beijing's stand that "Taiwan is an inalienable part of the territory of the PRC."⁸⁵ However, the Japanese have not lost contact with Taiwan, which sits only 60 nautical miles from the Japanese Ryukyu Island of Yonaguni. The Japanese have an historical tie to Taiwan due to their colonization of the island following the Sino-Japanese War in 1895 and until the end of World War II. The democratization of Taiwan has also won much admiration in Japan, especially in light of the intolerance of democratic ideals in the PRC, highlighted by the 1989 Tiananmen Massacre.⁸⁶ Tokyo

has undertaken a number of actions in support of Taiwan. It supported Taiwan as an observer in the World Health Organization, issued a visa to former President Lee Teng-hui, elevated diplomatic contacts with Taiwan, deployed diplomats with military backgrounds to Taiwan, and refused to exclude Taiwan from U.S.-Japan security talks.⁸⁷ These actions indicate a growing relationship between Japan and Taiwan. This will continue to complicate Sino-Japanese relationship and potentially lead Japan to explicitly support Taiwan in a China-Taiwan crisis.

Finally, a significant issue in the China-Japan relationship is Japan's security relationship with the United States. Since the U.S. occupation of Japan following the Second World War, the Japanese have depended upon the United States to support their defense and to deal with security issues outside of Japanese territory. The United States Navy's Seventh Fleet and a significant contingent of other U.S. armed forces have been stationed in Japan for the latter half of the twentieth century to support this purpose. In the face of a rising China, Japan has enhanced cooperation with U.S. forces in "contingencies surrounding Japan" and collaborates on the development of advanced ballistic missile systems.⁸⁸ Tokyo, like Washington, has declared a strategic objective regarding "the peaceful resolution of issues regarding the Taiwan Strait."⁸⁹

Another area of U.S.-Japan cooperation that concerns China is that dealing with the North Korean situation. North Korea's demonstrated ballistic missile capability has concerned the United States and Japan. In current Six-Party Talks on North Korea, the U.S. and Japan seek to contain North Korea while China and South Korea engage it.⁹⁰ As one Japanese journalist noted "[t]he United States and Japan do not approve of China's conciliatory policy toward North Korea, and if China continues to pursue that

sort of policy, they want it to take responsibility for this problem.”⁹¹ The divergence of Japanese and Chinese interests, both in dealings with North Korea and the enhancements of Japanese security in light of the rise of China, stand out as a final, and very significant, friction point between China and Japan.

Despite the rapid growth of their economic interaction, relationship between China and Japan remains strained by history and current security issues. Based on this, it is extremely likely that, in the aftermath of PRC coercion to unify Taiwan with the mainland, the Japanese will raise strong opposition, increasing distrust in their bilateral relationship. Further, the Japanese will be forced into a position of facing both the North Korean threat and a perceived stronger threat from the PRC in the region. Given the role that China plays in both of these situations, the Japanese may well choose to deepen and broaden even their currently expanding security dealings with the United States. Regionally, the Japanese will likely seek security arrangements to counter the actions of China, likely through their already growing relationship with Australia. Outside of the security realm, the Japanese may well seek greater engagement and cooperation with India, an arrangement that would serve both states' interest in balancing Chinese influence throughout Asia. Even with a potentially more moderate regime under Prime Minister Fukuda Yasuo, the desire to maintain its regional and international influence will force the Japanese to work to balance their interests with those of China.

Conclusion

The coercive unification of Taiwan with China would present significant challenges and questions to all in the region, but most notably to South Korea, Australia, India, and

Japan. These four states represent some of the most important actors in the region in terms of their economic, diplomatic and security relations with China, each other, and the United States. Their responses will be important indicators to the international community and likely determine much of the global reaction to the PRC action, both in the near and longer term. The PRC will take a long-term view of an action against Taiwan, willing to accept short-term risk to achieve its longer-term objectives. Based on the situations as they are today and appear to be moving into the future, the PRC stands to incur serious damage to relationships with Japan and India, to moderately impair its interaction with Australia, and to sustain short-term but recoverable damage in dealings with South Korea. Given the strength of the Japanese and Indian positions in the international community today and projected into the future, this makes action by the PRC against Taiwan unlikely and seriously detrimental to its continued rise to regional and global prominence. This would likely have the effect of strengthening ties between Japan, India, and Australia within the region. It is also likely that Japan and India would seek stronger and more visible security arrangements with the United States as a hedge against dominance within the region by the PRC.

Ultimately, this analysis is instructive to both the PRC and the United States. To the PRC, the indications are that coercive integration of Taiwan would be a mistake and thwart their sustained efforts to achieve a position of international prominence. With the Tiananmen incident as a historical precedent, coercion of Taiwan would likely breed international uncertainty about dealing with the PRC, pushing some markets towards China's competitors around the globe and damaging the critical economic element of China's rise.

For the United States, the analysis indicates that the fallout of PRC coercion against Taiwan ultimately provides benefit to U.S. interests. As previously stated, the concern engendered by PRC aggression could highlight regional security fears of growing Chinese power, pushing some important players closer to the United States. This could potentially broaden United States influence in Asia, influence that is currently under pressure with the rise of China. This should inform the development of U.S. responses to PRC actions. Consideration of these likely impacts to both PRC and U.S. interests should be given as part of any development of options in response to a Taiwan crisis.

Endnotes

¹ Given the intent of this paper to determine a likely result of PRC coercion of Taiwan, it makes assumptions about the nature of the coercive action and the U.S.'s response. The author understands that the Chinese have many approaches that they can consider, employing multiple sources of national power. The PRC might take actions with military forces such as an invasion of Taiwan, a blockade of the main island, or other actions that compel Taiwan to accept the PRC terms. The PRC can also exert economic power, potentially leveraging the vast amount of Taiwan business on the PRC mainland, employing cyber-techniques to harm Taiwan's economy, or tapping other PRC economic influence points worldwide to compel unification. From a diplomatic perspective, the PRC already exerts pressure on international organizations to preclude Taiwan from gaining membership when membership might give legitimacy to Taiwan as a state. PRC efforts have included the World Health Organization and the United Nations among others. Continued diplomacy could aim to further isolate Taiwan in its dealings across the globe by combining it with economic incentives. Any effort in the diplomatic, economic, and/or military domains would be supported by a communication campaign lending credibility to the PRC perspective. This paper assumes that the United States will support Taiwan. The author understands that there is not a *carte blanche* for Taiwan regarding U.S. support and the Taiwan's actions pre-crisis will impact the American desire to intervene. An American response can take many forms, focused on countering PRC's coercive action. Much current dialogue about the China-Taiwan situation focuses on pre-crisis issues. In order to allow discussion of the situation following unification, this paper starts with the assumption that unification is based on coercion without specifying the specific nature of that coercion.

² Chan Yul Yoo, "Anti-American, Pro-Chinese Sentiment in South Korea," *East Asia* 22 (Spring 2005): 22.

³ Ibid.

⁴ Dick K. Nanto and Emma Chanlett-Avery, "The Effect of the Rise of China on Taiwan, Japan, and South Korea," *Problems of Post-Communism* 53 (January/February 2006): 42.

⁵ ROK trade statistics available from the WTO website at <http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=KR>; Internet; accessed 4 December 2007.

⁶ Ibid.

⁷ GDP comparison figures from The World Bank, Total GDP in 2006 found at the following website: <http://siteresources.worldbank.org/DATASTATISTICS/Resources/GDP.pdf>; Internet; accessed 4 December 2007.

⁸ Jae Ho Chung, "From a Special Relationship to a Normal Partnership?": Interpreting the 'Garlic Battle' in Sino-South Korean Relations," *Pacific Affairs* 76 (Winter 2003/2004): 549.

⁹ Ibid.

¹⁰ Nanto and Avery, 42.

¹¹ Yan Wei, "Maturing Relations," *Beijing Review* 34 (August 23 2007): 12.

¹² Chan, 19.

¹³ Nanto and Avery, 43.

¹⁴ Ibid.

¹⁵ James A. Foley, "China Hedges Its Bets on North Korea," *Jane's Intelligence Review* (November 1, 2004): 78.

¹⁶ The relationship between South Korea and Taiwan is not deep enough to meaningfully impact the outcome of the scenario when compared to other factors involved. The ties between South Korea and Taiwan changed significantly in 1992. In that year, South Korea switched relations from Taiwan to the PRC, beginning adherence to a strict One-China Policy. Economic ties continued in spite of the change in diplomatic recognition. According to World Trade Organization statistics, Taiwan imported \$14 billion worth of goods from South Korea in 2006, ranking the ROK the 5th largest import source. South Korea's exports to Taiwan amounted to 4% of its total, not one of the top five export destinations. Given the combined 27% of South Korean exports bound for the PRC and Hong Kong, the Taiwan export total does not match their importance. In diplomatic terms, the Taiwan and South Korean relations adjusted significantly after the change in recognition. An example is direct scheduled air service between the two. Air service was severed in 1992 and did not resume until 2004. The combination of the PRC's economic importance to South Korea and the Seoul lack of enthusiasm for giving the appearance of 'normal' relations with Taipei indicates that Beijing is the significantly more important of the two. Sources: Shin Joe Hoon, "Forgive, Forget," *Far Eastern Economic Review* 163 (Dec 30, 1999 – Jan 6, 2000): 19 and BBC Monitoring Asia Pacific, "South Korea, Taiwan Sign Agreement on Commercial Flights," September 1, 2004, available from http://www.lexisnexis.com/us/lnacademic/results/docview/docview.do?risb=21_T3287239809&format=GMBFI&sort=RELEVANCE&startDocNo=1&resultsUrlKey=29_T3287239817&cisb=22_T

3287239816&treeMax=tree&treeWidth=0&csi=10962&docNo=11; Internet; accessed 16 March 2008.

¹⁷ Market Information and Analysis Division, Australian Government Department of Foreign Affairs and Trade, *Composition of Foreign Trade*, pg. 22; available from <http://www.dfat.gov.au/publications/stats-pubs/downloads/COT-CY2006.pdf>; Internet; accessed 11 December 2007.

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Australian Government Department of Foreign Affairs and Trade, *China Fact Sheet*, pg. 1; available from <http://www.dfat.gov.au/geo/fs/chin.pdf>; Internet; accessed 11 December 2007.

²¹ Mohan Malik, "Australia, America, and Asia," *Pacific Affairs* 79 (Winter 2006/2007): 587.

²² Ibid.

²³ Adam C. Cobb, "Balancing Act: Australia's Strategic Relations with China and the United States," *Georgetown Journal of International Affairs* 8 (Summer 2007): 73.

²⁴ Ibid.

²⁵ Harsh V. Pant, "The Emerging Balance of Power in the Asia-Pacific," *Royal United Services Institute Journal* 152 (Jun 2007): 51.

²⁶ Ibid.

²⁷ The intent of the security discussion is not specifically to examine Australia's response to a Taiwan crisis. A Taiwan crisis only sets the stage for discussion of a difficult Australian choice. Rather, it is intended to help, along with consideration of economic and diplomatic concerns, to portray the dilemma that Australia is in now that its interests involve the United States and China in significant measure. Australia cannot choose one side clearly, even in the case of security interests where the United States has long been such a dominant actor.

²⁸ Malik, pg 591. From 2001-to 2006, He Yafei served as the Director-General, Department of North American and Oceanian Affairs, Ministry of Foreign Affairs (MFA) of the People's Republic of China and would have served in that capacity when quoted by the author. As of 2006, He serves as the Assistant Minister of Foreign Affairs as shown at the MFA website found at <http://www.fmprc.gov.cn/eng/wjb/zygy/gjyl/hyf/default.htm>; Internet; accessed 13 March 2008.

²⁹ Full text of the ANZUS Treaty, Security Treaty Between Australia, New Zealand and the United States of America, available from <http://australianpolitics.com/foreign/anzus/anzus-treaty.shtml>; Internet; accessed 12 December 2007.

³⁰ Cobb, 73.

³¹ Ibid.

³² Malik, 587.

³³ Ibid.

³⁴ William T. Tow, Chen-shen Yen, "Australia-Taiwan Relations: The Evolving Geopolitical Setting," *Australian Journal of International Affairs* 61 (Sep 2007): 339.

³⁵ GDP comparison figures from The World Bank, Total GDP in 2006 found at the following website: <http://siteresources.worldbank.org/DATASTATISTICS/Resources/GDP.pdf>.

³⁶ Ibid

³⁷ Goldman Sachs, "*Dreaming With BRICs: The Path to 2050*," Global Economics Paper, no. 99 (October 2003), 4, found at <http://www2.goldmansachs.com/insight/research/reports/99.pdf>; Internet; accessed 14 December 2007.

³⁸ Ibid.

³⁹ Peter R. Lavoy, "India in 2006: A New Emphasis on Engagement," *Asian Survey* 47 (Jan/Feb 2007) 116.

⁴⁰ Indian Department of Commerce Export Import Data Bank by Country available from the following website: <http://commerce.nic.in/eidb/iecmt.asp>; Internet; accessed 14 December 2007.

⁴¹ Lavoy, 120.

⁴² Ibid.

⁴³ Ibid, 118.

⁴⁴ Ibid.

⁴⁵ Zhao Hong, "India and China: Rivals or Partners in Southeast Asia," *Contemporary Southeast Asia* 29 (April 2007): 121.

⁴⁶ Ibid, 122.

⁴⁷ Ibid.

⁴⁸ Ibid, 123.

⁴⁹ Lavoy, 118.

⁵⁰ Ibid.

⁵¹ Ibid, 119.

⁵² Ibid, 115.

⁵³ "Asia: Still Treading on India's Toes; India and China." *The Economist*. London: Nov 18, 2006. Vol 381, Issue 8504, 64.

⁵⁴ Jing-dong Yuan, "The Dragon and the Elephant: Chinese-Indian Relations in the 21st Century," *The Washington Quarterly* 30 (Summer 2007): 132.

⁵⁵ Ibid, 138.

⁵⁶ Lavoy, 120.

⁵⁷ Yong Deng, "Remolding Great Power Politics: China's Strategic Partnerships with Russia, the European Union, and India," *The Journal of Strategic Studies* 30 (August-October 2007): 888.

⁵⁸ Lavoy, 115.

⁵⁹ Ibid.

⁶⁰ Ibid.

⁶¹ Yuan, 137.

⁶² Deng, 888.

⁶³ Ibid.

⁶⁴ Yuan, 137.

⁶⁵ Ibid.

⁶⁶ *The Economist*. London: Nov 18, 2006. Vol 381, Iss. 8504, 64.

⁶⁷ GDP comparison figures from The World Bank, Total GDP in 2006 found at the following website: <http://siteresources.worldbank.org/DATASTATISTICS/Resources/GDP.pdf>; Internet; accessed 16 December 2007.

⁶⁸ Ibid

⁶⁹ Mike M. Mochizuki, "Japan's Shifting Strategy toward the Rise of China," *The Journal of Strategic Studies* 30 (Aug-Oct 2007): 756.

⁷⁰ Ibid.

⁷¹ Imports by region chart from Japan External Trade Organization (JETRO), Japanese Trade in 2005 found at the following website: <http://www.jetro.go.jp/jpn/stats/data/pdf/trade2005.pdf>; Internet; accessed 16 December 2007.

⁷² Mochizuki, 739.

⁷³ Ibid, 750.

⁷⁴ Ibid.

⁷⁵ Zhu Jianrong, "The Real Reasons for the Anti-Japanese Outburst," *Japan Echo* 32 (Aug 2005): 15.

⁷⁶ Ibid.

⁷⁷ Ibid.

⁷⁸ Bill Emmott and Tanaka Naoki, "Reemerging Japan and Its Regional Role," *Japan Echo* 33 (Jun 2006): 34.

⁷⁹ Jianrong, 15.

⁸⁰ Ibid, 14.

⁸¹ Emmott and Tanaka, 33.

⁸² Mochizuki, 749.

⁸³ Ibid.

⁸⁴ Ibid.

⁸⁵ Ibid, 748.

⁸⁶ Jing Sun, "Japan-Taiwan Relations: Unofficial in Name Only," *Asian Survey* 57 (Sep/Oct 2007): 792.

⁸⁷ Ibid, 794.

⁸⁸ Mochizuki, 769.

⁸⁹ Ibid.

⁹⁰ Shiraishi Takashi, "An Asia Strategy for Koizumi's Successor," *Japan Echo* 33 (Dec 2005): 8.

⁹¹ Ibid.